

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

LOK SABHA

UN-STARRED QUESTION NO.3265

TO BE ANSWERED ON MONDAY THE 09TH AUGUST, 2021
SRAVANA 18, 1943 (SAKA)

IMPORT DUTY RESTRICTIONS

3265. SHRI Y.S. AVINASH REDDY:
SHRI KANUMURU RAGHU RAMA KRISHNA RAJU:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note of the import duty restriction imposed in the month of February this year and if so, the details thereof;
- (b) whether the Government has taken note that the 10 per cent duty levied on cotton imports are driving the garments industry into difficulties as the cost of production of garments is increasing leading to an increase in the prices of finished garments; and
- (c) whether the Cotton Association of India has requested the Union Government to scrap the 10 per cent duty levied on imports of cotton and if so, the details thereof along with the steps being taken by the Government in this regard

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): Certain representations have been received from trade associations, stating that difficulties are being faced by textile and apparel industry due to imposition of 5% Basic Customs Duty, and 5% Agriculture Infrastructure and Development Cess on imports of Raw Cotton in Union Budget 2021-22.

(b): The decision to impose 5% Basic Customs Duty, and, 5% Agriculture Infrastructure and Development Cess on imports of Raw Cotton in Union Budget 2021-22 has been taken to benefit domestic cotton farmers. Imports of cotton have surged significantly in last few years, even though India is the largest producer of cotton in the world. All varieties of cotton, including those which were produced in India were being imported in large quantities. This has impacted the Indian farmer adversely. Cotton is domestically available in excess of demand. Therefore, the garment industry can source the domestically produced cotton including high quality and extra-long staple cotton. Reduced import dependence would help the domestic garment industry. Garment exporters would not be affected as exporters may avail benefit of schemes like advance authorization, duty drawback, EoU, SEZ etc. Further, RoSCTL scheme for garment and made-ups has also been extended till March 2024. Further incentives under various schemes are also being provided to Garment sector.

(c): Cotton Association of India has requested the Government to withdraw the 10 per cent duty levied on imports of cotton stating that due to the imposition of import duty, cotton has become costly and it is not in the interest of domestic textile industry. As stated in part (b), the decision to impose duty on imports of cotton has been taken to benefit domestic cotton farmers which in turn would help in higher domestic value addition and reduce import dependence. The garment industry is also being supported by the Government as detailed above.
